THE MANITOBA BROILER HATCHING EGG COMMISSION

SEVENTH ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 1991

THE MANITOBA BROILER HATCHING EGG COMMISSION
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June 10, 1992

Manitoba Natural Products
Marketing Council
915 - 401 York Avenue
Winnipeg, Manitoba
R3C 0P8

Attention: Mr. G. H. MacKenzie, Secretary

Dear Mr. MacKenzie:

Pursuant to Section 9 (5) of The Manitoba Broiler Hatching Egg Marketing Plan, we are pleased to present the Seventh Annual Report of The Manitoba Broiler Hatching Egg Commission.

Respectfully submitted

THE MANITOBA BROILER HATCHING EGG COMMISSION

Russell W. Scott
Chairman/General Manager

RWS/md

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COMMISSION MEETINGS

During 1991, the Commission convened 12 regular meetings.

In addition, the Commission was represented at meetings of the Manitoba Feed Grain Users' Association, The I.L.T. Compensation Fund, Annual Meetings of industry related organizations and of course, meetings related to the GATT and the Poultry Task Force.

COMMISSION MEMBERS

The Commission members and staff remained unchanged during 1991 as listed below:

R. W. Scott	Winnipeg	Chairman
R. Drohomereski	Teulon	Vice Chairman
B. McLaughlin	Neepawa	Member
J. Suderman	Steinbach	Member
F. Taylor	Winnipeg	Member
M. Domaschuk	Winnipeg	Secretary

Effective January 1, 1991, Mrs. Domaschuk became employed on a full time basis.

On March 1, 1991, the Commission moved to Suite "200" with a slight decrease in the monthly rent.

Registrations at December 31, 1991 were as follows:

Producers		- 34
Hatcheries	Regular	- 4
	Seasonal	- 2

QUOTA ALLOCATIONS

Quota allocations as of December 31, 1991 were as follows:

Basic Quota	146,377 birds
Laying Hen Quota	146,377 birds
Reductions in chicks placed	- 4,300
Delays in chick placements	-11,700
Total expected placements 1991	130,377 breeder chicks

I.L.T. COMPENSATION FUND

Reference to the need for a fund was made in the 1990 Annual Report and to the actions which had been initiated in that regard during the 1990 year.

An Agreement between The Manitoba Egg Producers' Marketing Board, The Manitoba Chicken Broiler Producers' Marketing Board and The Manitoba Broiler Hatching Egg Commission became effective June 18, 1991.

A Summary of Agreed Principals appears on pages 3 and 4, and represents the general terms which are contained in the Agreement.

As well, the necessary amendments have been made to The Natural Products Marketing Act and the Animal Health Protection Act.

ILT COMPENSATION PLAN
SUMMARY OF AGREED PRINCIPLES
JULY 1990

1. Purpose

To assist in compensation for the financial loss as a result of mandatory eradication of fowl as directed by the Provincial Veterinarian under the authority of the Animal Health Protection Regulations pertaining to ILT control.

Payment under this plan will be considered upon formal application and made at the discretion of the Plan administrators.

2. Contributors

Contributors to the ILT Compensation Plan, at this time, consist of the Manitoba Egg Producers' Marketing Board, the Manitoba Chicken Broiler Producers' Marketing Board, and the Manitoba Broiler Hatching Egg Commission.

3. Contribution of Participants

Based on the relative production value of the industries - the industry contribution would be 60% Manitoba Egg Producers' Marketing Board; 37% Manitoba Chicken Broiler Producers' Marketing Board; and 3% Manitoba Broiler Hatching Egg Commission (as per attached Manitoba Agriculture Yearbook summary of poultry production values).

4. Fund Balance

The ILT compensation fund would be established at a level of One Hundred and Fifty Thousand Dollars ($150,000) and set aside in a separately administered interest-bearing account. The fund would be capped at a level not to exceed Two Hundred Thousand Dollars ($200,000). Funds in excess of $200,000 would be repaid to the Contributors in the proportions outlined in #3 above.

The contributors would designate the fund administrators.

Should the fund balance be depleted to $75,000 or less, it would be restored immediately to $150,000 through payments by the Contributors in the proportions outlined in #3 above.

5. Payout

The producer would receive 75% of the approved amount when the flock is eradicated and the remainder once the premises have been cleaned, disinfected, and the quarantine has been lifted.

6. Withdrawal

Should all parties to the plan agree that because of size of payout for claims, an eradication policy is no longer feasible, the plan would be dissolved.

Should any party wish to withdraw from the plan for any reason, at least one year's written notice would be required to terminate participation.

7. Assistance

a) Commercial Stock

Layers - Depreciated value of the birds at the time of disposal as per an agreed-upon amortization schedule.

Direct cost of clean-up procedures including materials and labour for bird disposal (cleaning, disinfecting, excavation, and burial) as directed by the Provincial Veterinarian in charge of eradication.

Broilers, Pullets, and Breeders - Appreciated value of the birds at the time of disposal as per an agreed upon amortization schedule.

Direct cost of cleanup procedures.

b) Non-Commercial Stock - Fancy chickens, pheasants, and pea fowl - Replacement value or purchase price with consideration of market value of the birds.

Unregulated layers and broilers would receive the amortized value of the birds.

The province shall bear the cost of cleanup and disinfection procedures for fancy flocks and non-commercial flocks.

RETIREMENT and QUOTA REALLOCATION SYSTEM

This system was developed as a means by which a producer who might wish to leave the industry but retain ownership of his land and buildings might do so and at the same time receive a retirement benefit by way of offering his quota on the quota exchange. At the same time, the system would allow a producer who might wish to make a modest expansion in quota to place a bid on the exchange for a quantity of laying hen quota.

Bids and Offers were requested for the dates of June 10, September 10, and December 9, 1991. For each of these dates Offers to retire quota totalling 4,016 laying hens were received while only one Bid for 1,000 laying hens was received for the September 10 date and at a value per bird well below the value asked in each of the Offers.

Amendments to the Natural Products Marketing Act, some of which apply to the Retirement and Quota Reallocation System appear on pages 6-14 of this report.

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Broiler Breeder Laying Hen Quota Order, amendment*

Regulation 46/91
Registered March 4, 1991

Manitoba Regulation 295/89 amended
1 The Broiler Breeder Laying Hen Quota Order, Manitoba Regulation 295/89, is amended by this regulation.

Section 3 repealed and substituted
2 Section 3 is repealed and the following is substituted:

Criteria for allotment of quota
3 Each applicant for the allotment of a basic quota must be the registered owner or the sole operator of a facility which meets the requirements or standards for raising and keeping laying hens and handling broiler hatching eggs produced by such laying hens, as the Commission may establish from time to time.

Clause 13(d) amended
3 Clause 13(d) is amended by striking out "laying hens or" after "with respect to the".

Clause 13(e) repealed and substituted
4 Clause 13(e) is repealed and the following is substituted:

(e) where a producer has entered into a contract or agreement that would:

(i) deprive him of his right to the proceeds from the marketing of broiler hatching eggs produced by him, or

(ii) deprive him of his right to a payment or an entitlement to a payment or an anticipated payment from the Retirement and Quota Reallocation System to another person without the prior written consent of the Commission, or

(iii) require him to purchase a product or a service in connection with the marketing of broiler hatching eggs produced by him, or

(iv) obligate him with respect to the marketing of broiler hatching eggs produced by him in connection with the acquisition of a product or a service by him; or.

Section 35 amended
5 Section 35 is amended by striking out "laying hens or" after "with respect to the".

Section 36 repealed and substituted
6 Section 36 is repealed and the following is substituted:

* This order is made under the Manitoba Broiler Hatching Egg Marketing Plan Regulation, Manitoba Regulation 240/87 R and is Order 1/91 of The Manitoba Broiler Hatching Egg Commission.

(b) which becomes the owner of the broiler hatching egg production business carried on by the registered producer and of any assets owned by such registered producer in connection with such business, and becomes entitled to possession of the land and buildings used by such registered producer in connection with such business as the successor in possession to such registered producer;

without the necessity to provide the Commission with an appraisal of the facility or confirmation of any sale and purchase consideration.

January 18, 1991

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell W. Scott
Chairman

Ron Drohomereski
Vice-Chairman

APPROVED

February 21, 1991

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon MacKenzie
Secretary

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c.N20)

Broiler Breeder Laying Hen Quota Order, amendment*

Regulation 103/91
Registered May 15, 1991

Manitoba Regulation 295/89 amended
1 The Broiler Breeder Laying Hen Quota Order, Manitoba Regulation 295/89, is amended by this Regulation.

Section 15.1 added
2 The following is added after section 15:

Retirement and quota reallocation system payments non-transferable
15.1 No person shall offer to assign or assign a payment or an entitlement to a payment or an anticipated payment from the Retirement and Quota Reallocation System to another person without the prior written consent of the Commission.

Section 33 amended
3 Section 33 is amended by adding the following after the third paragraph:

The purchaser will be required to give to the Commission a written undertaking, in a form satisfactory to the Commission, verifying that the purchaser will not apply for a retirement payment under the Retirement and Quota Reallocation System, or to relocate facilities under section 44, for a minimum period of five years.

Sections 40.1 and 40.2 added
4 The following is added after section 40:

PART X.1
RETIREMENT AND QUOTA REALLOCATION SYSTEM

Reallotment of quotas under system
40.1 Broiler breeder laying hen quotas may be cancelled and realloted by the Commission in accordance with the procedure set out in Schedule "A" hereto.

Acceptance of applications discretionary
40.2 The Designated Staff referred to in Schedule "A" may refuse to accept or postpone the processing of any application to participate in the Retirement and Quota Reallocation System for such reasons or on such terms as they deem appropriate.

*This order is made under the Manitoba Broiler Hatching Egg Marketing Plan Regulation, Manitoba Regulation 240/87R and is Order 2/91 of the Manitoba Broiler Hatching Egg Commission.

Schedule "A" added

5 The following Schedule is added to the end of the Order:

SCHEDULE "A" TO THE BROILER BREEDER LAYING HEN QUOTA ORDER
RETIREMENT AND QUOTA REALLOCATION SYSTEM
(Section 40.1)

Quotas owned by Commission

1 Notwithstanding the terms and provisions in this Schedule or of any forms or materials used in connection with this Schedule, as stated in section 14 of this Order, quotas are the property of the Commission, and any quotas allotted pursuant to the procedure set out in this Schedule may be suspended, reduced or cancelled in accordance with this Order.

No assignment of payment

2 As stated in section 15.1 of this Order, no person shall offer to assign or assign a payment or an entitlement to a payment or an anticipated payment under the Retirement and Quota Reallocation System to another person without the prior written consent of the Commission.

Defintions

3 In this Schedule,

"Bid" means a request to be allotted a quota unit upon payment of an administration fee pursuant to the procedure set out in this Schedule;

"bidder" means a registered producer or an eligible person who in the opinion of Designated Staff has submitted a Bid in an acceptable form;

"Designated Staff" means those employees and other individuals designated by the Commission from time to time to operate the Retirement and Quota Reallocation System;

"eligible person" means a person who is not a registered producer and who has met the criteria set out in section 3 of this Order;

"Offer" means an application to have quota units cancelled upon receipt of a retirement payment pursuant to the procedure set out in this Schedule;

"offeror" means a registered producer who in the opinion of Designated Staff has submitted an Offer in an acceptable form with respect to quota units allocated to him by the Commission;

"quota" means broiler breeder laying hen quota;

"quota unit" means a quota equal to one broiler breeder laying hen;

"program clearing amount" ("PCA") on a Retirement and Quota Reallocation Program means the least amount, expressed in dollars and cents per quota unit, at which the cumulative volume (in an ascending order of amounts) of quota units offered for cancellation equals or most closely equals the cumulative volume (in a descending order of amounts) of quota units requested for allotment;

"Reallocation Day" means the day on which a Retirement and Reallocation Program is operated;

"Reserve" means an account established by the Commission to which any quota allotted in accordance with clause 13(1)(a) of this Schedule is credited; and to which any quota acquired on behalf of the Reserve to balance a Retirement and Quota Reallocation Program in the manner contemplated by clause 8(11)(a) are credited;

"Retirement and Quota Reallocation Program" means the procedure operated from time to time pursuant to this Schedule, whereby a registered producer may offer to have the whole or a portion of the quota allotted to him cancelled in the manner provided in this Schedule, and a registered producer or an eligible person may request that quota units be allotted to him in the manner provided in this Schedule.

Retirement and quota reallocation system administration

4 The Retirement and Quota Reallocation System shall be operated by the Designated Staff. The Designated Staff shall be responsible for establishing the date of each Reallocation Day, operating each Retirment and Quota Reallocation Program, reporting the results to the Commission, and maintaining the waiting list referred to in section 12.

The Manitoba Council may appoint Members of its Staff to act as observers and auditors of each Retirement and Quota Reallocation Program.

Except as provided in subsection 8(12), all particulars with respect to an individual Offer or to an individual Bid shall be kept confidential by the Designated Staff and Manitoba Council observers and auditors, and shall not be disclosed to the Members of the Commission, Commission staff who are not Designated Staff, or any other person whatsoever.

The Commission may prescribe forms to be used in the operation of a Retirement and Quota Reallocation Program from time to time. The Designated Staff may accept a Bid or an Offer, or an amendment or a withdrawal of a Bid or an Offer which is not in a prescribed form, as long as same is in writing and in the opinion of the Designated Staff substantially complies with any such prescribed form.

Application fees

5 Each Bid, each Offer, and each amendment of a Bid or of an Offer must be accompanied by a non-refundable application fee. The amount of the application fee will be established by Resolution of the Commission from time to time. All application fees shall be credited to an operating account of the Commission.

Retirement fund

6 All administration fees paid by successful bidders shall be credited to a fund (the Retirement Fund). The Retirement Fund shall be used to make retirement payments to successful offerors.

Administration fees and retirement payments

7 In this Schedule, and in all forms and materials used in connection with the Retirement and Quota Reallocation System, all references to administration fees, and all references to retirement payments shall be expressed or shall be assumed to be expressed on a quota unit basis.

Each administration fee paid by a successful bidder must be paid on each quota unit allocated to such person.

Each retirement payment paid to a successful offeror will be paid on 85% of the quota units cancelled (see section 11 re Transfer Assessment). In the event such calculation results in the retirement payment will be paid on such fraction as if it was whole quota unit.

Retirement and quota reallocation program procedures

8(1) Designated Staff may operate a Retirement and Quota Reallocation Program on or before the first regular business day following the 5th business day of March, June, September and December in each year.

At least one bidder and at least one offeror will be required to operate a Retirement and Quota Reallocation Program.

8(2) Designated Staff may cancel, or may postpone, for up to 7 days at any time, the operation of any Retirement and Quota Reallocation Program for any reason they deem advisable.

8(3) A person wishing to participate in a Retirement and Quota Reallocation Program must submit either an Offer or a Bid in writing, either by letter or telefax, in a form satisfactory to the Designated Staff, to the Commission's head office, which must be received prior to 4:00 o'clock in the afternoon before the last working day of the previous month.

8(4) Each Offer on a particular Retirement and Quota Reallocation Program must include the following information

(a) The amount of quota, expressed in quota units, offered for cancellation;

(b) The retirement payment, to the nearest cent per quota unit, which the offeror is willing to accept upon cancellation of the quota units offered for cancellation;

(c) The Retirement and Quota Reallocation Program (month) to which the Offer applies;

(d) The name, address and signature of the offeror; and

(e) The Producer Registration Number of the offeror.

8(5) Each Bid on a particular Retirement and Quota Reallocation Program must include the following information

(a) The amount of quota, in quota units, requested for allotment;

(b) The administration fee, to the nearest cent per quota unit, which the bidder is willing to pay upon allotment of the quota requested for allotment;

(c) The Retirement and Quota Reallocation Program (month) to which the Bid applies;

(d) The name, address and signature of the bidder; and

(e) The Producer Registration Number of the bidder, where applicable.

In order for a Bid to be eligible to be processed on a Program, the bidder must submit a separate bank draft or credit union primary order payable to the Commission representing the full amount of the administration fee such bidder proposes to pay in connection with that Bid no later than 4:00 p.m. on the day before the proposed Reallocation Day.

8(6) The case of an omission or defect in a Bid or in an offer the Designated Staff may not make changes or additions to such Bid or Offer, and the Bid or Offer will be rejected. A member of the Designated Staff shall attempt to contact the bidder or offeror and to advise him/her of such rejection. The fact that a Bid or an Offer is rejected shall not preclude the bidder or offeror from submitting a subsequent Bid or Offer.

8(7) An Offer or a Bid may be amended or withdrawn, provided such withdrawal or amendment is in writing and in the form of a letter or a telegram or a telefax satisfactory to the Designated Staff, sent by the bidder or the offeror, and is received at the head office of the Commission prior to 4:00 o'clock in the afternoon of the last working day before the month in which the Retirement and Quota Reallocation Program is to be held and is accompanied by the prescribed application fee. Such withdrawal or amendment must be clear and unambiguous and must identify the bidder or offeror by name and the Producer Registration Number, where applicable, and must specify the Offer or the Bid that is to be withdrawn or amended.

Any Offer or Bid which is received after any deadline for submission for that Program will be rejected by the Designated Staff.

8(8) As provided in section 40.2 of this Order, the Designated Staff may refuse to accept or may postpone processing of any Bid or any Offer. The Designated Staff may require an offeror to provide proof of the consent of any secured creditor of the offeror to the submission of such Offer. Any decision to postpone the processing of a Bid or an Offer, or to reject a Bid or Offer made by the Designated Staff shall be final. The Designated Staff may also establish terms and conditions established by the Designated Staff before a Bid or Offer will be processed in the future may appeal such decision in writing to the Commission.

8(9) On each Reallocation Day, the Designated Staff shall proceed to match as closely as possible the cumulative volume, in an ascending order of quota units offered (after deduction of the Transfer Assessment), in the Offers with the cumulative volume, in a descending order of quota units submitted, in the Bids. This procedure shall be known as "clearing" the Retirement and Quota Reallocation Program. The program clearing amount (PCA), as determined by clearing the Retirement and Quota Reallocation Program, shall be the least amount at which the cumulative volumes most closesly match, and shall be the amount of the administration fee payable to the Commission by a successful bidder and the amount of the retirement allowances payable by the Commission to a successful offeror under that Retirement and Quota Reallocation Program.

8(10) Subject to subsection (11) herein and to the acceptance of the results by the Commission under subsection (12),

(a) if a bidder has submitted a Bid with an administration fee equal to, or higher than, the PCA, then that Bid shall be deemed successful and the Commission may negotiate the certified cheque representing the full amount of the administration fee submitted by the bidder as payment for th quota units bid;

(b) if an offeror has submitted an Offer at a retirement allowance equal to or lower than, the PCA, then that Offer shall be deemed successful and the offeror shall be entitled to receive from the Commission a retirement allowance equal to the PCA for such quota units offered upon cancellation of the quota.

8(11)

a) Upon the clearing of a Retirement and Quota Reallocation Program, if it is determined by the Designated Staff that, at the PCA, the cumulative volume of quota units in the Offers are less than the cumulative volume of quota units in the Bids, the Designated Staff may add to the Offers, on behalf of the Reserve, additional quota units, at the PCA, in an amount not to exceed the deficiency.

In the event the cumulative volume of quota units in the Offers (including any quota units added under this clause) is

(i) less than 75% of the cumulative volume of quota units in the Bids, the Designated Staff may cancel the Program, and

(ii) equal to 75% or more of the cumulative volume of quota units in the Bids, the Designated Staff may deem the successful bidders to have Bid, at the PCA, a percentage of their Bid based on the ration of the quota units comprising the successful Bids, in which case, the bidder shall be entitled to refund of that portion of the administration fee submitted by him in excess of the fee payable under the deemed Bid.

8(11)

b) Upon the clearing of a Retirement and Quota Reallocation Program, if it is determined by the Designated Staff that, at the PCA, the cumulative volume of quota units in the Bids is less than the cumulative volume of quota units in the Offers, the Designated Staff may:

(i) bid, on behalf of the Reserve, at the PCA, a number of quota units equal to the deficiency, or

(ii) cancel the Program.

8(12) Following the conduct of a Retirement and Quota Reallocation Program, the Designated Staff shall report to the Commission the number of Bids received, the number of Offers received, the number of quota units and the amounts bid or offered in each Bid or Offer, together with the PCA and particulars of the successful Bids and successful Offers. The Commission will review such report and if satisfied, in its sole discretion, that there have been no irregularities or deficiencies in the operation of the Retirement and Quota Reallocation Program, the Commission may pass a resolution to accept such results.

Following the acceptance of the results of a Retirement and Quota Reallocation Program, the Commission will pass a resolution to allot quotas to successful bidders and to cancel quota of successful offerors in order to implement such results.

Such allotment and cancellation of quotas will be effective as of the first day of the month two months after the month in which the Retirement and Quota Reallocation Program was conducted (the first day of March, June, September or December).

8(13) Following the Commission's consideration of the results of a Retirement and Quota Reallocation Program, each participant in the Retirement and Quota Reallocation Program will be advised in writing by the Designated Staff whether his Offer or Bid was successful.

8(14) All funds submitted by unsuccessful bidders as proposed administration fees will be returned to such bidder.

Limits on bids and offers

9(1) An Offer which would result in the remaining quota allocated to that offeror being reduced to a level below 2000 quota units will be rejected by the Designated Staff. Any offeror allotted a quota of 2000 quota units or less must offer to cancel the entire quota to be eligible to be an offeror on the Retirement and Quota Reallocation Program.

No Offer of less than 50 quota units will be processed.

A successful bidder will not subsequently be eligible to receive a retirement allowance in connection with the cancellation of the equivalent number of quota units under the System if the entire quota allotted to such producer is cancelled within five (5) years of such successful Bid. In the event such person subsequently submits an Offer of all quota units allotted to him during such five (5) year period, an equivalent number of quota units shall be debited against the amount of quota offered, so that the offeror will only be entitled to receive a retirement payment with respect to 85% of the balance of such quota units, and the quota units so debited shall be credited to the Transfer Assessment Pool.

9(2) No more that one Bid may be submitted by any bidder on the same Reallocation Day.

No Bid shall be processed if the number of quota units comprising the Bid, when aggregated with the quota units allocated to such bidder, would exceed maximum quota.

A bidder shall not be allowed to be an offeror on the same Retirement and Quota Reallocation Program and only the Bid will be processed.

Retirement fund

10(1) All administration fees paid to the Commission by successful bidders will be allocated to the Retirement Fund.

10(2) All retirement payments made by the Commission to successful offerors will be paid from the Retirement Fund.

Transfer assessment and transfer assessment pool

11(1) Each Offer shall be deemed to be reduced by a Transfer Assessment equivalent to 15% of the quota units offered for cancellation. In the event such calculation results in a fraction, the Transfer Assessment shall not include such fraction.

11(2) If an Offer is accepted, in whole or in part, as provided herein, the Transfer Assessment shall be credited to the Transfer Assessment Pool.

Waiting lists for allocation without the payment of an administration fee

12 Any person who wished to become a registered producer may request in writing, in such form as the Commission may prescribe for such purposes, that his name be added to a waiting list of the Commission for allocation of quota from the Transfer Assessment Pool without the necessity to pay an adminstration fee.

Any waiting list will be effective for the period beginning August 1st of one year and terminating May 31st of the following year (the "allocation period"). Applications to be placed on a waiting list will be accepted between June 1st and July 31st in each year (the "application period"). Following July 31st of each year the Designated Staff will conduct a draw from the applications received during the application period to determine the order in which such applications will be placed on the waiting list for the allocation period. At the end of each allocation period the waiting list shall be cancelled and a new waiting list shall be established.

Allocation from the transfer assessment pool

13(1) On the first day of the month two months after the month in which a Retirement and Quota Reallocation Program was conducted, the quota credited to the Transfer Assessment Pool may be allocated by the Commission as follows:

(a) a total of 67% to registered producers in equal units (subject to the same qualifications set out in section 14), or to the Reserve;

(b) a total of 33% to those persons who are on the waiting list referred to in section 12, in the order of priority determined in accordance with section 12, in amounts of 2,000 quota units each.

13(2) Applicants who are allotted quota pursuant to clause (1)(b) shall be eligible to request allocation of additional quota in subsequent months pursuant to clause (1)(a).

13(3) A person who receives an allotment under clause (1)(b) shall not be entitled to submit an Offer which would result in the remaining quota being reduced below 2,000 quota units for a minimum of 5 years for the date of such allotment.

13(4) A registered producer may be a successful bidder and may receive an allotment of quota under sub-section (1) on the same Reallocation Day.

Allocation from the Reserve

14 The Commission may, from time to time, allocate quota units from the Reserve to registered producers in equal units provided each such registered producer has asked the Commission for an increase in the broiler breader laying hen quota allocated to him, and further provided that the broiler breeder laying hen quota allocated to a registered producer shall not be increased above maximum quota.

Information

15 The Commission will forward to each registered producer, in a form approved by the Manitoba Council, within 10 days following Commission approval, the results of the Retirement and Quota Reallocation Program.

Effective date

6 This order come into effect on May 15, 1991.

April 9, 1991

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russel W. Scott
Chairman

Ron Drohomereski
Vice-Chairman

APPROVED

April 29th, 1991

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

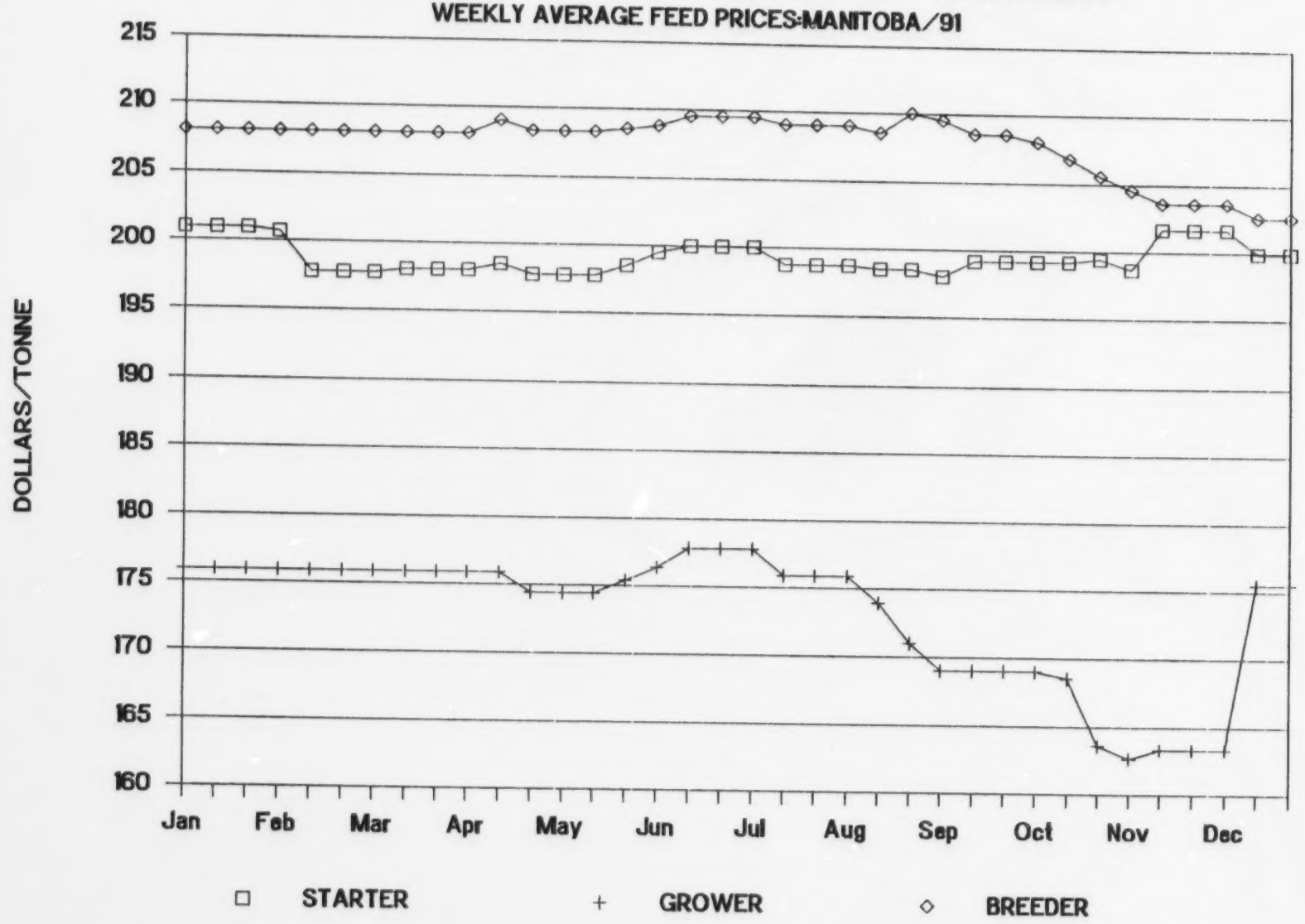
Gordon MacKenzie
Secretary

LIVESTOCK FEED BOARD OF CANADA

AVERAGE FEED PRICES:MANITOBA,1991
(F.O.B. Mill Door,Bulk/Tonne)

Date	Starter (17-18%)	Grower (14-15%)	Breeder (16-18%)
Jan 04	$200.96	$175.91	$208.09
11	$200.96	$175.91	$208.09
25	$200.96	$175.91	$208.09
Feb 01	$200.72	$175.91	$208.09
15	$197.79	$175.91	$208.09
22	$197.79	$175.91	$208.09
Mar 01	$197.79	$175.91	$208.09
15	$198.04	$175.91	$208.09
29	$198.04	$175.91	$208.09
Apr 06	$198.04	$175.91	$208.09
20	$198.53	$175.91	$209.07
27	$197.79	$174.44	$208.34
May 03	$197.79	$174.44	$208.34
17	$197.79	$174.44	$208.34
31	$198.53	$175.42	$208.58
Jun 07	$199.51	$176.40	$208.83
14	$200.00	$177.87	$209.56
28	$200.00	$177.87	$209.56
Jul 05	$200.00	$177.87	$209.56
19	$198.77	$175.91	$209.07
26	$198.77	$175.91	$209.07
Aug 02	$198.77	$175.91	$209.07
16	$198.53	$173.95	$208.58
23	$198.53	$171.01	$210.05
Sep 06	$198.04	$169.05	$209.56
20	$199.21	$169.05	$208.56
27	$199.21	$169.05	$208.56
Oct 04	$199.21	$169.05	$208.06
11	$199.21	$168.56	$206.84
18	$199.46	$163.66	$205.61
Nov 01	$198.72	$162.68	$204.63
08	$201.73	$163.34	$203.65
29	$201.73	$163.34	$203.65
Dec 06	$201.73	$163.34	$203.65
20	$199.94	$175.53	$202.65
27	$199.94	$175.53	$202.65

LIVESTOCK FEED BOARD OF CANADA



BROILER HATCHING EGG PRICING

Effective July 24, 1991, by Regulation 166/91 the minimum price at which a saleable chick hatched from a broiler hatching egg produced in Manitoba may be paid to a broiler hatching egg producer by a hatchery operator was increased by 2.25 cents. A copy of the regulation appears on pages 18 and 19 of this report.

The Manitoba Hatchery Association immediately appealed to the Manitoba Natural Products Marketing Council in respect to the price increase and an appeal hearing was held by Council on August 1, 1991. The decision by Council was to order that the appeal by the hatcheries be dismissed and accordingly, the decision made by the Commission to increase the price by 2.25 cents per saleable chick was upheld.

Recommendations made by Council included the undertaking of a survey of the production costs of a representative sample of hatching egg producers and development of a pricing formula by the Commission.

In recognition of the need for an effective pricing mechanism and of the recommendation by Council, the Commission designated itself as a Cost of Production Committee with one additional member from the Poultry Section, Manitoba Department of Agriculture, hatching egg sector, and from hatcheries. During its' first meeting it was agreed that the three persons other than Commission members could perhaps make greater headway by working independently as a sub-committee.

As of year end 1991 the sub-committee with Mr. Don Waddell, Manitoba Department of Agriculture as chairman appeared to be making good progress toward the development of a methodology for determination of hatching egg production costs.

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Broiler Hatching Egg Price Order No. 1, 1991*

Regulation 166/91
Registered July 24, 1991

Definition
1 In this regulation,

"saleable chick" means a chick hatched from a broiler hatching egg which is suitable for sale by a hatchery operator for chicken production.

Minimum Price
2 Subject to section 3 hereof, the minimum price at which a broiler hatching egg produced within the province may be sold by any broiler hatching egg producer to a hatchery operator, until further order of the Commission, is hereby fixed as follows:

(a) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 80% or more - 34.50 cents per saleable chick;

(b) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 75% or more but less than 80% - 34.00 cents per saleable chick;

(c) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 70% or more but less than 75% - 33.50 cents per saleable chick;

(d) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate below 70% - 33.00 cents per saleable chick.

Delivery adjustment to price
3(1) In the event a broiler hatching egg producer delivers broiler hatching eggs to the hatchery operator, the hatchery operator shall pay to such producer, in addition to the amount calculated pursuant to section 2 hereof, the sum of .167 cents per broiler hatching egg so delivered to the hatchery operator.

3(2) In the event a hatchery operator picks up broiler hatching eggs from the facility of a broiler hatching egg producer, the hatchery operator may deduct from the amount payable to such producer for such eggs a sum not to exceed .167 cents per broiler hatching egg so picked up by the hatchery operator.

Higher prices permitted
4 This order does not prevent a broiler hatching egg producer from purchasing, broiler hatching eggs at a price in excess of the minimum price determined pursuant to this order.

* This Order is made under the Manitoba Broiler Hatching Egg Marketing Plan Regulation, Manitoba Regulation 240/87R and is Order 3/91 of the Manitoba Broiler Hatching Egg Commission.

Repeal

5 Manitoba Regulation 91/90 is repealed.

Coming into force

6 This order comes into force on the 22nd day of July, 1991, or on the date it is filed with the Registrar of Regulations, whichever shall be later.

July 16, 1991

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell W. Scott
Chairman

Ron Drohomereski
Vice-Chairman

The Queen's Printer for the Province of Manitoba

BREEDER CHICK PLACEMENTS

Placement of broiler breeder chicks during the year 1991 reported in the Agriculture Canada Poultry Market Report totalled only 120,000 chicks while at the same time in a survey among hatcheries by Commission staff, a total of 147,000 (includes some extra) breeder chick placements were confirmed.

Following discussions in regard to this discrepancy with Dr. Kevin Miller, Agriculture Canada, Manitoba, the Commission was advised that the discrepancy was related to the fact that notwithstanding the fact hatcheries which are registered by the Federal Government are required to report breeder chick placements were made by other than hatcheries.

Dr. Miller further advised that all hatcheries had now agreed to include breeder chicks placed for supply flocks in the AGR. 770 weekly reports.

Dr. Miller has since confirmed reported placements in Manitoba during 1991 in the amount of 132,136 broiler breeder chicks.

Final figures for hatching eggs set, imports, interprovincial movement and the resulting net production for Manitoba in the year 1991 as reported by Agriculture Canada appear below:

Total Eggs Set	Imports	Interprovincial Movement In	Interprovincial Movement Out	Net Production
23,656,000	6,547,000	398,623	481,861	17,192,238

Tel. (204) 783-8588
Fax. (204) 783-8598

THE MANITOBA BROILER HATCHING EGG COMMISSION
201 - 666 St. James Street
WINNIPEG, Manitoba
R3G 3J6

January 22, 1991

MEMORANDUM

To: Broiler Hatching Egg Producers

From: Manitoba Broiler Hatching Egg Commission

Subject: Agency Levy Increase and
Goods and Service Tax

Enclosed is a copy of Regulation 4/91 which increases the administrative levy imposed by the Canadian Broiler Hatching Egg Marketing Agency on producers of broiler hatching eggs in Manitoba. The new levy rate of .17 cents per egg marketed which became effective on eggs marketed on and after December 30, 1990, replaces the previous levy rate of .1528 cents per egg.

We are advised by Revenue Canada that all levies collected by hatcheries on behalf of the Manitoba Broiler Hatching Egg Commission and the Canadian Broiler Hatching Egg Marketing Agency are subject effective January 1, 1991, to be assessed the 7% Goods and Services Tax. Accordingly, these levies deducted by the hatchery will be increased by 7%. However, a producer will be able to recover this tax by claiming an input tax credit from Revenue Canada provided the producer is registered with Revenue Canada under the G.S.T. registration requirements. We encourage each producer who has not registered to do so as soon as possible.

Revenue Canada may be contacted in Manitoba in writing or by telephone as follows:

P. O. Box 1022
Winnipeg, Manitoba
R3C 2W2

Local - 983-4525 Long Distance - 1-800-665-8749

THE MANITOBA BROILER HATCHING EGG COMMISSION

Russell W. Scott.

Russell Scott, Chairman

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Canadian Broiler Hatching Egg Marketing Agency Levies Regulation, amendment*

Regulation 4/91
Registered January 2, 1991

Manitoba Regulation 263/87 amended
1 The Canadian Broiler Hatching Egg Marketing Agency Levies Regulation, Manitoba Regulation 263/87, is amended by this Regulation.

Section 2 repealed and substituted
2 Section 2 is repealed and the following is substituted:

2 A levy is imposed on each producer of 0.17 cents per broiler hatching egg marketed by that producer in Manitoba.

Manitoba Regulation 274/88 repealed
3 Manitoba Regulation 274/88 is repealed.

Coming into force
4 This Regulation comes into force on December 30, 1990.

December 13, 1990 CANADIAN BROILER HATCHING EGG MARKETING AGENCY:

Ron Drohomereski
Chairman

Paul Jelley
Manager

APPROVED

December 21, 1990 THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell Scott
Chairman

Ron Drohomereski
Vice-Chairman

* This regulation is made under the Canadian Broiler Hatching Egg Marketing Agency Delegation Regulation, Manitoba Regulation 230/87, and is Regulation 1/90 of the Canadian Broiler Hatching Egg Marketing Agency.

The Queen's Printer for the Province of Manitoba

Tel. (204) 783-8588

Fax. (204) 783-8598

THE MANITOBA BROILER HATCHING EGG COMMISSION
200 - 666 St. James Street
Winnipeg, Manitoba
R3G 3J6

May 13, 1991

To: Registered Broiler Hatching Egg Producers and
Registered Broiler Hatching Egg Hatcheries

Re: Increase In Agency Levy

Enclosed for your information is a copy of the Canadian Broiler Hatching Egg Marketing Agency Levies Regulation amendment, (Regulation 87/91).

This Regulation increases the Agency levy in the amount of 0.085 cents from the previous 0.17 cents to the new level of 0.255 cents per broiler hatching egg marketed by a producer.

This increased levy is to become effective on eggs marketed (placed in an incubator on and after June 16, 1991).

Yours truly

Russell W. Scott
Chairman

RWS/md
encl. 1

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Canadian Broiler Hatching Egg Marketing Agency Levies Regulation, amendment*

Regulation 87/91
Registered April 19, 1991

Manitoba Regulation 263/87 amended
1 The Canadian Broiler Hatching Egg Marketing Agency Levies Regulation, Manitoba Regulation 263/87, is amended by this regulation.

Section 2 repealed and substituted
2 Section 2 is repealed and the following is substituted:

2 A levy is imposed on each producer of 0.255 cents per broiler hatching egg marketed by that producer in Manitoba.

Manitoba Regulation 4/91 repealed
3 Manitoba Regulation 4/91 is repealed.

Coming into force
4 This regulation comes into force on June 16, 1991.

March 28, 1991

CANADIAN BROILER HATCHING EGG MARKETING AGENCY:

Ron Drohomereski
Chairman

Paul Jelley
Manager

APPROVED

April 9, 1991

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell Scott
Chairman

Ron Drohomereski
Vice Chairman

* This regulation is made under the Canadian Broiler Hatching Egg Marketing Agency Delegation Regulation, Manitoba Regulation 230/87, and is Regulation 1/91 of the Canadian Broiler Hatching Egg Marketing Agency.

The Queen's Printer for the Province of Manitoba

[redacted]

John E. Hutchings M.A.(Oxon) C.A.
William C. May C.A.
Lawrence K. Eller B.A. C.A.
Richard F. Hutchings B.A. C.A.
Larry H. Frostiak B.Sc. B.Ed. C.A.
J. Blair Lawson B.Sc. B.Comm.(Hons.) C.A.

AUDITORS' REPORT

TO THE MEMBERS OF THE COMMISSION

We have audited the balance sheet of The Manitoba Broiler Hatching Egg Commission as at December 31, 1991 and the statements of operations and retained income and changes in cash position for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1991 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles.

Hutchings May & Co

Winnipeg, Canada
January 25, 1992

Chartered Accountants

WINNIPEG 326 Wardlaw Ave. Winnipeg Manitoba Canada R3L 0L6 Tel. 204 284 7957 Fax 204 453 1243
ALTONA Box 1026 Altona Manitoba Canada R0G 0B0 Tel. 204 324 8376 Fax 204 453 1243

THE MANITOBA BROILER HATCHING EGG COMMISSION

BALANCE SHEET

For the year ended December 31, 1991, with comparative figures for 1990

		1991		1990
ASSETS				
Current assets:				
Cash	$	12,181	$	21,063
Accounts receivable		9,125		9,746
Total current assets		21,306		30,809
Office furniture and equipment at cost (Note 2)		17,881		17,881
Less accumulated depreciation		11,020		9,306
Net office furniture and equipment		6,861		8,575
Other assets:				
Deferred capital lease interest and security deposits		1,393		1,927
	$	29,560	$	41,311
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	10,483	$	5,974
Capital lease payments due in 1991		-		1,833
Total current liabilities		10,483		7,807
Non-current liability:				
Capital lease obligation		-		1,833
Less current portion		-		1,833
		-		-
SHAREHOLDERS' EQUITY				
Retained income		19,077		33,504
	$	29,560	$	41,311

See accompanying notes to financial statements

Approved by the Members

Member

Member

THE MANITOBA BROILER HATCHING EGG COMMISSION

STATEMENT OF OPERATIONS AND RETAINED INCOME

For the year ended December 31, 1991, with comparative figures for 1990

	1991	1990
Income:		
Administrative fees from producers and hatcheries under provincial regulation	$ 98,314	$ 97,843
	98,314	97,843
Expense:		
Depreciation	1,714	2,144
Equipment operation	2,226	688
Grants and donations	2,654	-
Insurance	600	600
Interest and bank charges	432	1,202
Lease of office space	8,942	9,427
Legal and audit fees	12,216	4,431
Members' per diem and travel expenses (Note 3)	50,351	47,928
Office supplies	1,600	3,331
Postage and courier	963	436
Salaries and benefits	25,733	12,719
Telephone	3,442	2,662
Other	1,868	1,087
	112,741	86,655
(Loss) Net Income for the year	(14,427)	11,188
Retained Income at beginning of the year	33,504	22,316
Retained Income at end of the year	$ 19,077	$ 33,504

See accompanying notes to financial statements

THE MANITOBA BROILER HATCHING EGG COMMISSION

STATEMENT OF CHANGES IN CASH POSITION

For the year ended December 31, 1991, with comparative figures for 1990

		1991		1990
Operating Activities:				
(Loss) Net Income for the year	$	(14,427)	$	11,188
Add non-cash items:				
Depreciation		1,714		2,144
Amortization of capital lease interest		534		1,036
		(12,179)		14,368
Change in accounts receivable		621		(1,138)
Change in accounts payable and accrued liabilities		2,676		(285)
		(8,882)		12,945
Financing Activities:				
Capital lease obligation repayments		-		(3,282)
Deferred capital lease interest		-		-
		-		(3,282)
Change for the year		(8,882)		9,663
Cash at beginning of the year		21,063		11,400
Cash at end of the year	$	12,181	$	21,063

See accompanying notes to financial statements

( ) denotes use of cash.

THE MANITOBA BROILER HATCHING EGG COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 1991

1. ACTIVITIES OF THE COMMISSION

The Commission was established under the Statutes of Manitoba on April 10, 1985. The Commission is responsible for the administration of regulations respecting the marketing of broiler hatching eggs and chicks within Manitoba. The Commission collects administration fees from producers and hatcheries under a method determined and authorized by provincial statute.

The Commission is an agent of The Canadian Broiler Hatching Egg Marketing Agency for purposes of collecting the producer levy of that organization. Levies collected in 1991 totalled $38,787 (1990 - $28,429).

2. SIGNIFICANT ACCOUNTING POLICIES

Administrative fee revenue is accrued on the basis of the hatch date of eggs produced.

Office furniture and equipment is stated at cost. Depreciation is provided for using the declining balance method at a rate of 20%.

3. MEMBERS' PER DIEM AND TRAVEL EXPENSES

Members are entitled to remuneration of $125 per diem, chairman $150 per diem and reimbursement for travel expenses incurred by them in attending meetings on behalf of the Commission. Payments during the year are as follows:

	Per Diem	Expenses
R. Scott	$ 34,913	$ 3,405
B. McLaughlin	1,625	1,418
F. Taylor	1,625	-
R. Drohomereski	1,817	583
J. Suderman	3,000	1,965
	$ 42,980	$ 7,371
1990	$ 36,182	$ 11,746

4. COMMITMENT

The Commission has entered into operating leases for office space at a base rental of $8,359 per annum until March 1994 and for office equipment at a rental of $1,899 per annum until December 1995.

5. CONTINGENCY

Under the Federal-Provincial Agreement for Broiler Hatching Eggs, the Commission has agreed to pay liquidated damages of 17.5 cents per egg produced in excess of the quantity allotted in any year to the Canadian Broiler Hatching Egg Marketing Agency. In the opinion of management the Commission has not exceeded the 1991 allotment.

6. INCOME TAXES

The Commission is an agricultural organization whose income is not payable to or otherwise available for personal benefit of any member. Accordingly, the net income of the Commission is exempt from tax.

7. COMPARATIVE FIGURES

Certain of the 1990 comparative figures have been reclassified to conform with the current year's presentation.